International
Labour
Organization

ILO Monitor on the world of work. Tenth edition
Multiple crises threaten the global labour market recovery

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Key messages

Multiple crises threaten recovery

While the impact of COVID-19 has waned in most countries, multiple and overlapping economic and political crises are threatening labour market recovery around the world. These crises are likely to further increase labour market inequalities due to the disproportionate impact on certain groups of workers and firms, while contributing to a growing divergence between developed and developing economies. The latter had already been recovering more slowly from the COVID-19 pandemic, and are now facing less policy space to protect hard-hit workers and enterprises during the most recent crises.

Recovery in hours worked remains uneven and is now threatened by slowdown

The encouraging recovery in hours worked seen at the beginning of 2022 has not continued, although there continue to be significant differences between regions and income groups. Estimates indicate that in the third quarter of 2022, hours worked were 1.5 per cent below the level of the fourth quarter of 2019 (the pre-crisis benchmark), equivalent to a deficit of 40 million full-time jobs. Also, progress in narrowing the gender gap in hours worked is at risk because of the slowdown in recovery.

Divergence in employment persists

In the first half of 2022, employment-to-population ratios had returned to or exceeded the pre-crisis level in the majority of advanced economies, while in most middle-income countries with available data, employment deficits persisted relative to the pre-crisis situation. Available data shows that high-skilled occupations (managers, professionals, and technicians and associate professionals) had experienced a stronger recovery by 2022 Q2 compared with low- and medium-skilled occupations, including services and sales workers, which remain below the level of the same quarter in 2019.

Informal job growth outpacing formal work

Concentrated in developing countries, informal job growth in 2021 fully reversed the losses experienced in 2020, whereas formal employment did not. For 2022, informal jobs are estimated to be growing at the same pace as formal employment, jeopardizing the slow but consistent trend towards formalization observed over the previous 15 years.

Labour market prospects extremely uncertain

The outlook for the labour market is currently highly uncertain, with growing downside risks, including the impacts of high inflation, tightening monetary policy, increasing debt burdens and declining consumer confidence. While it normally takes time for an economic slowdown or a recession to result in job destruction and unemployment, available data suggests that a sharp labour market slowdown is already underway. On current trends, global employment growth will deteriorate significantly in the fourth quarter of 2022.

Latest developments in Ukraine

The Russian Federation's aggression against Ukraine has had a disastrous impact on the Ukrainian labour market. The ILO estimates that during 2022, employment in Ukraine will be 15.5 per cent (or 2.4 million jobs) lower than in the previous year. Measures to stabilize the labour market, including interventions to keep economic activities going, assistance to relocate enterprises, improved employment services for displaced people and income assistance, are being implemented but not at the scale needed.

The impact of the crisis on countries neighbouring Ukraine and the Russian Federation needs to be carefully assessed, as they could put at risk political and labour market stability, particularly if the conflict becomes more entrenched. Spillover effects beyond the region, particularly through heightened price volatility and increased food and energy prices, have significantly impacted labour markets in the Global South, leading to increased food insecurity and poverty.

Comprehensive, integrated and balanced policies needed to face multiple crises

The multiplication of crises raises the risk of another significant global labour market downturn, requiring comprehensive, integrated and balanced policies which address not only inflation in isolation but also its broader implications for employment, enterprises and poverty. Excessive policy tightening is causing undue damage to jobs and income in both advanced and developing countries.

The set of policy tools to combat multiple crises needs to be widened through social dialogue, which would include: (a) interventions in setting prices for public goods; (b) rechannelling windfall profits; (c) strengthening income security through social protection; (d) increasing income support to maintain the purchasing power of labour income; and (e) targeting support to the most vulnerable people and enterprises.

To support the labour markets in Ukraine and those affected by the ongoing conflict, a continued focus on decent jobs and social protection is needed, including in the ongoing discussion on reconstruction in Ukraine. Labour market integration measures for Ukrainian refugees also need to be strengthened.

In order to respond at a global level to multiple economic and geographical crises, internal solidarity and coordination is even more critical, and policy coherence is key, which are also principal aims of the UN Global Accelerator on Jobs and Social Protection for Just Transitions.

Part 1. Latest developments in the labour market

1. The context: From the COVID-19 pandemic to multiple and overlapping crises

Just over one year ago, 94 per cent of workers were residing in countries with workplace closures to control the spread of the COVID-19 pandemic.[1] At present, almost all countries, with the notable exception of China, have lifted such closures and other restrictions.[2] While this gradual lifting of controls has enabled economic activity to return over the course of 2021 and early 2022, there have been significant differences in labour market trends between and within countries. In most advanced economies, employment has reached or surpassed pre-crisis levels, while many employers are struggling with labour shortages. In contrast, deficits are evident in low- and middle-income countries, reflecting the more limited policy response and ability to protect the economy over the long crisis period.

On top of this unequal and incomplete recovery from the COVID-19 crisis, a set of multiple and overlapping crises, compounded by the conflict in Ukraine and subsequent negative spillover effects, have materialized over 2022, which are deeply impacting the world of work in terms of their effect on: 1) inflation (especially food and energy), real wages and inequality; 2) shrinking policy space and higher debt burdens in developing countries; and 3) slowdown in economic growth in 2022 and 2023 (at 3.2 and 2.7 per cent, respectively) and aggregate demand, which will reduce the demand for workers.[3]

Inflation, which was already increasing in 2021 due to COVID-19-related supply-side disruptions and increasing demand as lockdown measures were lifted, accelerated due to the Ukraine war.[4] In its October 2022 report, the IMF revised upwards its forecast for global headline inflation, which is expected to peak at 9.5 per cent in 2022 Q3 before falling to 6.5 per cent in 2023. By July 2022, the core inflation rate had surpassed 6.7 per cent in more than half of the countries (figure 1b).[5] High and persistent inflation is creating enormous pressures on labour income and workers are struggling to maintain their purchasing power, raising the risk of increased poverty and inequality.[6]

1 ILO Monitor, 6th edition.

2 See Statistical annex figure A1 for global trends in workplace closures.

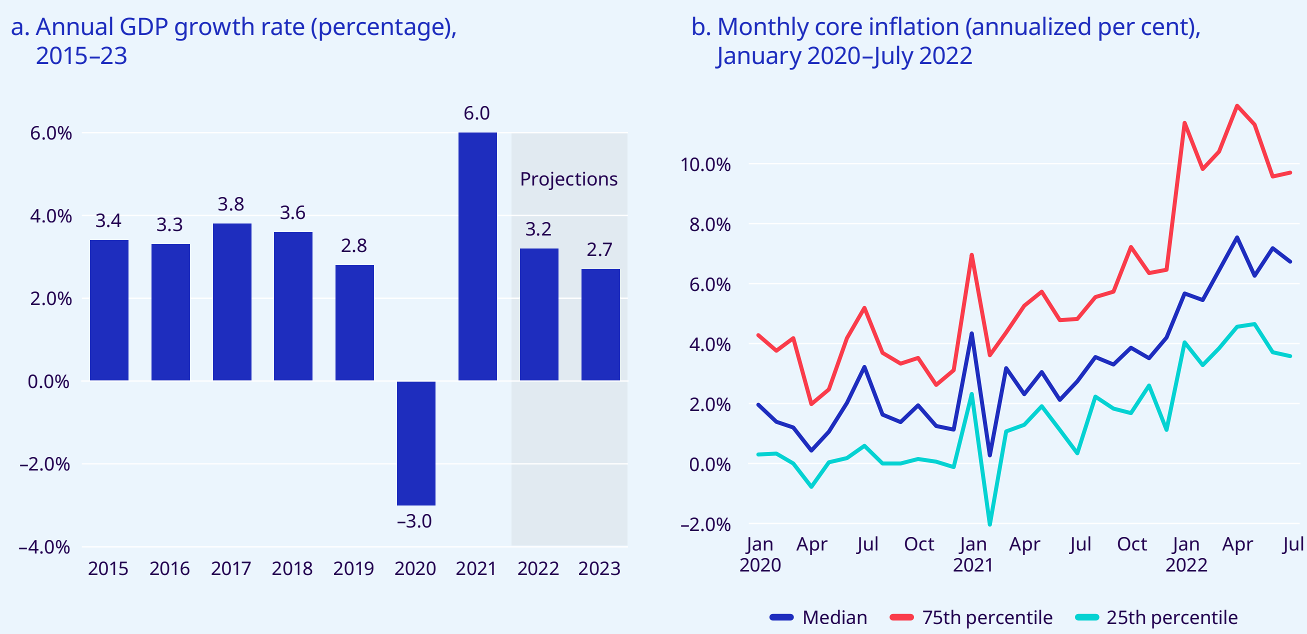
3 The analysis of multiple crises has been the content of many reports. See, for example: Trade and Development Report 2022 (unctad.org).

4 The IMF's Energy Price Index rose to 376 in August 2022 (2016 = 100), Primary Commodity Price System (PCPS), retrieved from https://data.imf.org.

5 https://www.imf.org/en/Publications/WEO/Issues/2022/10/11/world-economic-outlook-october-2022.

6 See, for example, Labour Overview Series 2022: Weak growth and the global crisis are holding back the recovery of the employment in Latin America and the Caribbean (ilo.org).

Figure 1. Trends in global GDP growth and consumer prices



Sources: IMF World Economic Outlook database, October 2022 update; IMF, "World Economic Outlook: Countering the Cost-of-Living Crisis", October 2022.

In response to inflation, central banks have quickly and significantly shifted their monetary policy stance by raising their policy rates to reign in demand and price increases, even if supply-side factors continue to play a key role in keeping inflationary pressure high.[7] Monetary policy tightening is making access to finance more difficult for households and businesses, while creating negative spillover effects in developing countries. In the wake of higher spending and lower tax revenues during the pandemic, many countries now have much higher debt ratios than prior to the crisis, which are becoming even more challenging to service as financial conditions tighten. The gross public debt-to-GDP ratio increased significantly from 2019 to 2020 in both advanced and developing countries (especially emerging economies).[8] In particular, the proportion of low-income countries in debt distress or at high risk of debt distress reached 56 per cent in 2022, up from 49 per cent in 2019.[9]

The overlapping crises are directly affecting enterprises, particularly small firms which are most vulnerable to shocks. Higher energy and other input prices increase business costs, which are difficult to pass on to customers already facing diminished purchasing power. Higher interest rates decrease business investment and increase business debt burdens, further depressing investment demand. Exchange rate instability also adds to these costs in countries facing currency depreciation, as the price of imported goods rises. These conditions create high uncertainty, which is further dampening business investment and impacting on job creation.

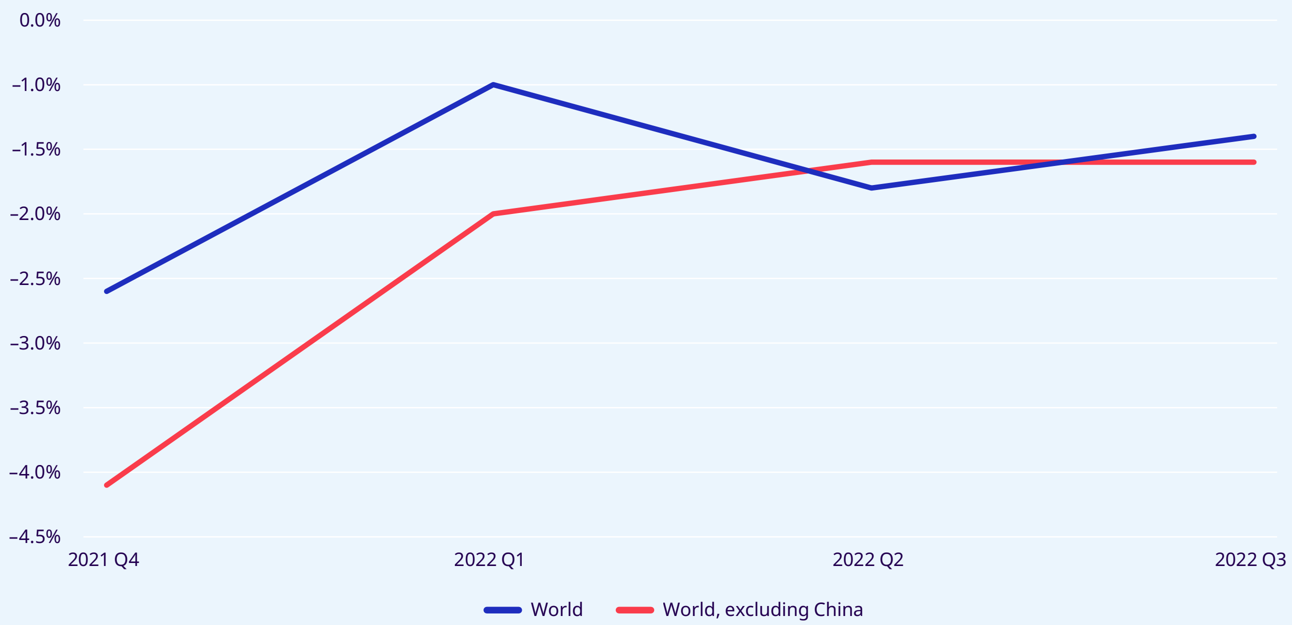
Uncoordinated monetary and fiscal tightening will further depress global economic growth and trade, raising the spectre of financial and exchange rate instability, especially among highly indebted countries, firms and households. At present, the risk of a recession in 2023 has increased, as reflected by the downward revisions to GDP projections over 2022 (see figure 1a).

7 The median policy rate in advanced economies (based on a sample of countries with data collected by the Bank of International Settlements) has increased from close to the zero lower bound to 2.3 per cent by July of this year. The discussion on the role of demand versus supply-side factors in explaining the persistently high rates of inflation continues. See, for example, the analysis on the US which suggests that supply factors explain about half of the increase in current inflation levels, while demand factors are responsible for about one third (the rest are attributed to ambiguous factors).

8 The gross public debt-to-GDP ratio increased significantly from 2019 to 2020 in both advanced economies and developing countries (especially emerging economies). For example, the debt-to-GDP ratio in emerging market and middle-income countries in Asia increased from 57.6 per cent in 2019 to 75.4 per cent in 2022 and is expected to continue to rise (Fiscal Monitor by Indicator - Gross debt - IMF Data).

9 Restructuring Debt of Poorer Nations Requires More Efficient Coordination – IMF Blog.

Figure 2. Change in global hours worked 2021 Q4–2022 Q3, relative to 2019 Q4 (percentage)



Note: Hours worked are adjusted for population aged 15–64.

Source: ILOSTAT database, ILO modelled estimates.

Given these progressively difficult economic and policy environments, the global outlook for labour markets is increasingly negative in terms of both employment creation and job quality, which also has important implications for inequality.

2. Uneven recovery in hours worked now threatened by slowdown

Global hours worked recovered strongly in the beginning of 2022,[10] as pandemic-era restrictions were lifted in most countries (figure 2). During the first quarter of 2022, global hours worked (adjusted for population aged 15–64)[11] were 1 per cent below the level of the fourth quarter of 2019 (the pre-crisis benchmark) equivalent to a deficit of 30 million full-time jobs. The level of hours worked in this quarter was substantially higher than suggested in the previous edition of the ILO Monitor.[12] However, this solid recovery was reversed in the second and third quarters, when the gap in hours worked grew to 1.8 and 1.4 per cent, respectively (equivalent to a deficit of 52 and 40 million full-time jobs).[13] The deterioration has been largely driven by two main developments: 1) The re-introduction of public health restrictions and the resulting disruptions to the economy and the labour market in China; and 2) the conflict in Ukraine and the related energy and food price shocks, which increased inflationary pressures while dampening labour market recovery around the globe.

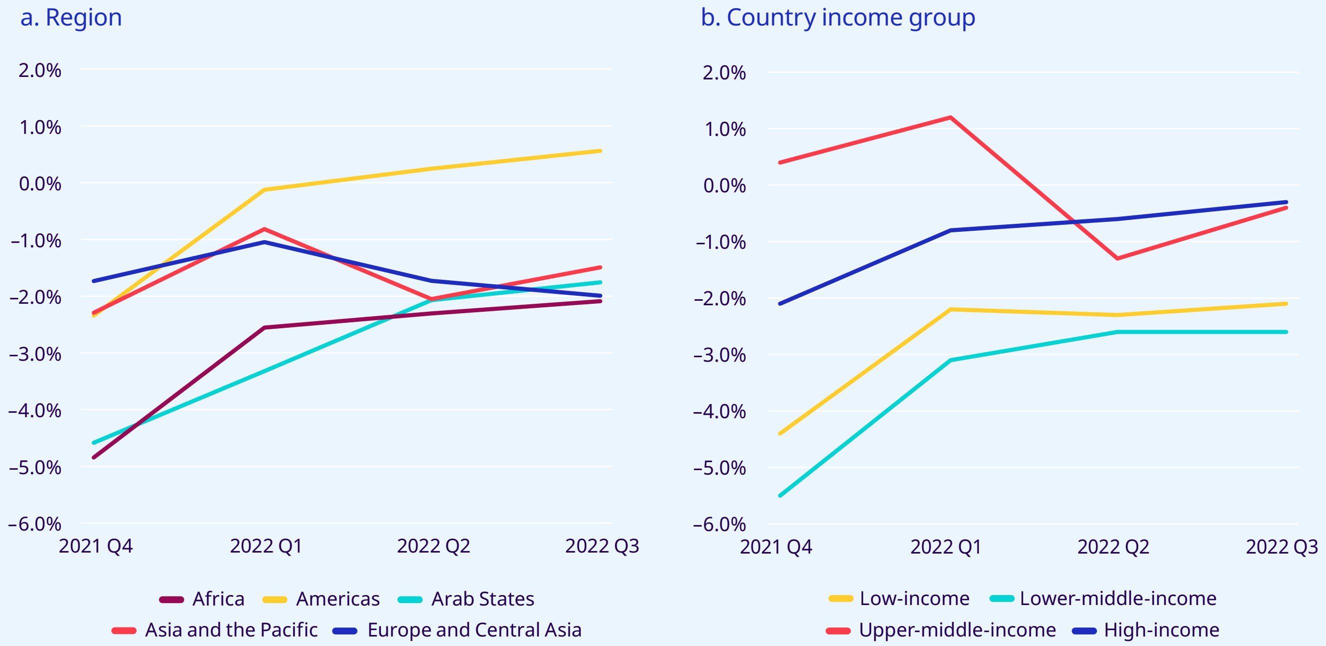
10 Estimates based on the ILO nowcasting model, see Roger Gomis et al., "The ILO Nowcasting Model: Using High-Frequency Data to Track the Impact of the COVID-19 Pandemic on the Labour Markets", *Statistical Journal of the IAOS* 38, No. 3: 815–830, https://content.iospress.com/download/statistical-journal-of-the-iaos/sji220055?id=statistical-journal-of-the-iaos%2Fsji220055, for a detailed explanation of the methodology (results discussed in the article correspond to the previous edition of the model) and the online Technical annex 1 for a brief methodological overview.

11 Population adjustment is necessary to provide a comprehensive and internationally comparable measure of work activity.

12 A key driver of the upward revisions is due to estimates for China. The impact of the strict COVID-19 restrictions following the spread of the Omicron variant materialized during 2022 Q2, not in 2022 Q1 as previous estimates suggested. Additionally, the update of the nowcasting model with the latest data also resulted in an upward revision of the recovery pace in the country during 2021.

13 In the previous edition of the ILO Monitor, the estimates suggested a slowdown in the first quarter of 2022; however, the latest data for the quarter showed better than expected performance, as most countries significantly relaxed pandemic-era restrictions. The upward revisions are most notable in the estimates of Asia and the Pacific, and Europe and Central Asia. The European Union presented a very strong quarter-over-quarter growth rate in hours worked, following the lifting of the pandemic restrictions associated with the autumn 2021 COVID-19 waves and later winter restrictions related to the emergence of the Omicron variant. The relaxation of the measures resulted in a strong "return to work" effect. In Asia and the Pacific, the main drivers of the revision are China and India, where data scarcity and hence uncertainty surrounding estimates are more severe. The revision in the case of China is discussed in the previous footnote. Finally, in India, after the disruption of the Delta wave in mid-2021, estimates show a sizeable recovery, which accelerated towards the end of 2021 and into early 2022.

Figure 3. Changes in hours worked by region and country income group 2021 Q4–2022 Q3, relative to 2019 Q4 (percentage)



Source: ILOSTAT database, ILO modelled estimates.

Along with these stagnating trends, differences between regions remain large (figure 3a). The Americas stands out as the region registering the best performance thus far in 2022, with hours worked having exceeded the pre-crisis level since the second quarter of 2022 (see table A1 in Statistical annex). By contrast, hours worked in all other regions remain well below the pre-crisis level.

Despite Africa and the Arab States showing an upward trend during 2022, they still present a sizeable gap of 2 per cent in hours worked compared to the pre-crisis level. Asia and the Pacific registered a decline of 1.2 percentage points in the second quarter of this year and, thereafter, saw a moderate improvement of 0.6 percentage points, as activity in China began to recover after the country partially lifted lockdowns.

In contrast, Europe and Central Asia have registered two consecutive quarters of declines, resulting in a cumulative loss of 1 percentage point. This downward trend was caused by a deterioration of hours worked in Eastern Europe, driven by the war in Ukraine.

Similarly, differences between income groups continue to be large (figure 3b). Low-income and lower-middle-income countries have seen their hours worked stagnate in 2022, with a gap in the range of 2–3 per cent, while high-income and upper-middle-income countries have seen hours worked nearly return to the pre-pandemic level, although the rate of improvement has decelerated since the Russian Federation's aggression against Ukraine (see table A2 in Statistical annex).

Box 1. Progress in reducing the gender gap is threatened by the slowdown.

Before the pandemic, the gap in hours worked by women and men in employment was large, with women aged 15–64 working an average of 19.8 hours per week,[14] compared to 34.7 for men (figure 4a). During the decade of 2010–19, the gap in labour market participation between women and men had been declining at a very slow pace. The pandemic heavily disrupted this trend, and the gap in the number of paid hours worked by women compared to men increased substantially. In the second quarter of 2020, the change in the gender gap peaked at four percentage points (figure 4b). Afterwards, the gap progressively declined as countries lifted public health restrictions and economies started to recover. Hours worked by women showed a strong recovery at the end of 2021 and early 2022, significantly reducing the global gender gap in paid working hours. New data collected since the 9th Monitor shows a stronger reduction during the recovery than previously estimated, particularly in late 2021 and the first quarter of 2022. By that quarter, the additional gap created by the pandemic had been more than fully reversed and stood 1.5 percentage points lower than the pre-pandemic benchmark.

There are several likely drivers behind this rapid improvement. First, in many countries, the public health measures, which had put extreme pressure on work and family balance (including unpaid care work), were lifted. This relaxation enabled the progressive return to the workforce of those who had to leave it during the pandemic, which has disproportionately benefited women.[15] Second, the decade leading up to the pandemic saw a slow but steady reduction in the global gender gap in employment. As the shock of the pandemic has faded, dynamics in hours worked appear to be reverting to their pre-crisis trend. Third, the pace of recovery is empirically associated with reductions in the gender gap in hours worked. Strong growth in hours worked tends to reduce gender imbalances.[16]

Although recent progress in reducing the gender gap in working hours is encouraging, the data still indicates a worrying situation. Most importantly, the gap remains high, with women currently working 14.5 fewer paid hours per week than men or, equivalently, 57.5 paid hours per every 100 worked by men (figure 4a).[17] At the pace of progress of the last year, it would take more than 60 years to close this gap. Moreover, during the past two quarters, which saw stagnation in overall working hours growth, there was no further progress in reducing the gender gap. The multiple crises now impacting on global economic and labour market prospects also put at risk the progress recently achieved in reducing the gender gap in hours worked.

Figure 4a. Weekly hours worked by gender

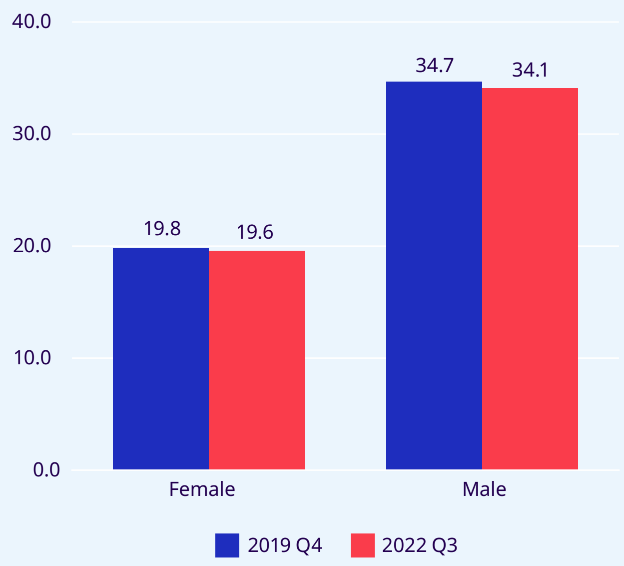
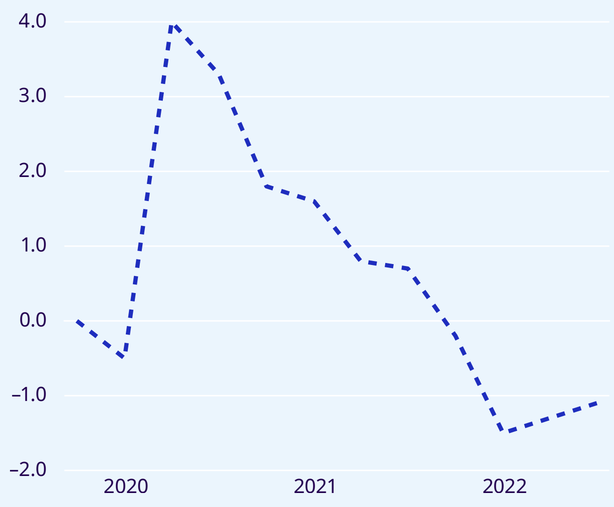


Figure 4b. Change in the gender gap (male–female) in hours worked relative to 2019 Q4 (percentage points)



Source: ILOSTAT database, ILO modelled estimates.

14 Estimates based on the ILO nowcasting model; see Technical annex 1 and Statistical annex 3 for more details.

15 For example, in 2020 Q2, across 11 countries with available data, women in a couple household with younger children experienced larger employment losses than other women living in a couple household, and much larger losses than their male spouses. By 2021 Q4, women with younger children had seen a superior recovery in employment compared not only with other women in a couple household, but also with their male spouses.

16 There are hypotheses to justify this regularity. For instance, the following study posits that strong labour market performance can result in the incorporation, or re-incorporation, of disadvantaged groups: https://www.imf.org/en/Publications/Staff-Discussion-Notes/Issues/2022/03/30/Labor-Market-Tightness-in-Advanced-Economies-515270.

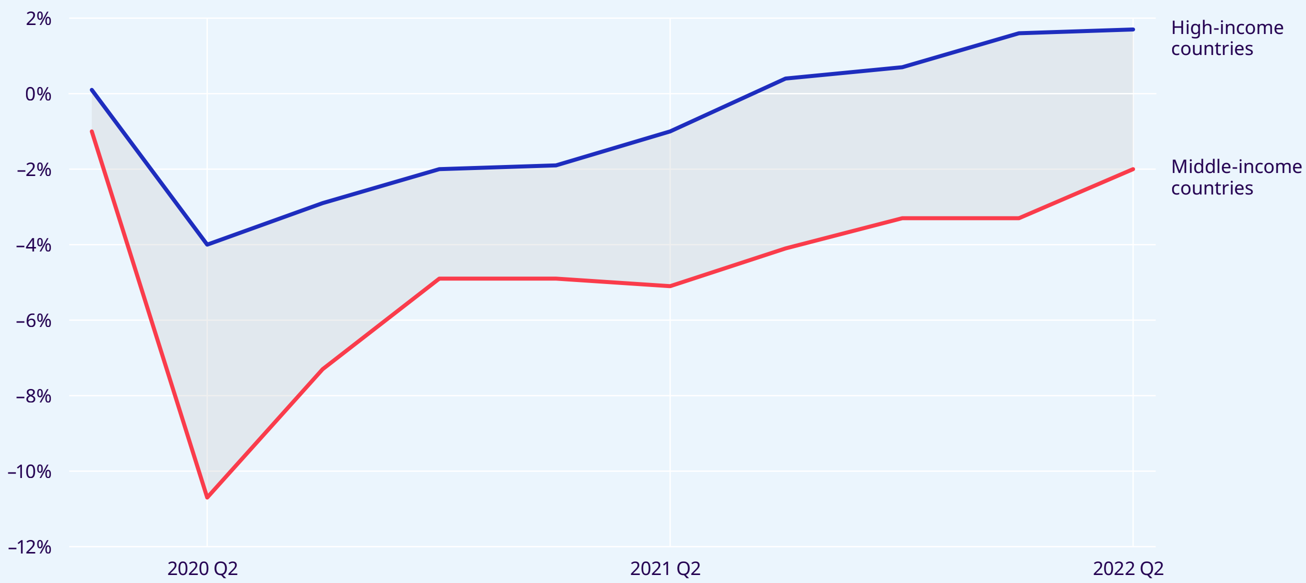
17 Weekly hour estimates refer to hours worked in paid employment and do not include unpaid domestic work or care for others.

3. Persisting divergence in employment

The persisting gaps in hours worked between high-income and middle-income countries were also reflected in employment numbers (figure 5). In advanced economies, employment-to-population ratios returned to or exceeded the pre-crisis level by 2022 Q2 in more than 75 per cent of countries with available data. Similar to the trends in hours worked, the employment recovery in high-income countries was strongest until 2022 Q1 before flatlining in the following quarter. In contrast, the majority of middle-income countries in the sample continue to have an employment deficit relative to the pre-crisis situation with an average gap of 2 per cent in 2022 Q2 relative to the same quarter in 2019.[18] The opposite trend can be seen in the quarterly data for the inactivity rate using the same sample of countries (not presented here). These figures indicate that the percentage of the working-age population outside the labour force in advanced economies is at lower levels, on average, than witnessed in 2019. In developing countries, there continues to be an elevated inactivity rate, reflecting the fact that the labour force in these countries is still smaller than it was prior to the COVID-19 pandemic.

An uneven recovery is also observed among different groups of workers. As highlighted in previous editions of the ILO Monitor, the COVID-19 crisis hit low- and medium-skilled workers harder during the downturn (especially in 2020 Q2) (figure 6). Available quarterly data reveals that high-skilled occupations (managers, professionals, and technicians and associate professionals) had experienced a strong recovery by 2022 Q2, and that their numbers now surpass the pre-crisis situation and are growing above the rate witnessed over 2017 Q2–2019 Q2 . At the same time, employment in most medium-skilled occupations, including services and sales workers, remains below the level in 2019 Q2, though all such occupations made up some of the deficit that was evident at the peak of the lockdowns in 2020 Q2.

Figure 5. Average growth rates in employment-to-population ratio from 2020 Q1–2022 Q2 (percentage), **middle- and high-income countries (relative to same quarter in 2019)**



Notes: The growth rate in the employment-to-population ratio is calculated using the same quarter in 2019 as the base period. Comparing to the same quarter helps account for seasonality in employment. The index is based on a sample of 29 high-income countries (Australia, Austria, Belgium, Canada, Chile, Cyprus, Czechia, Denmark, Estonia, Finland, France, Hungary, Ireland, Japan, Korea (Republic of), Latvia, Lithuania, Luxembourg, Netherlands, New Zealand, Norway, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, Switzerland, United States) and 8 middle-income countries (Brazil, Bulgaria, Costa Rica, Mexico, Moldova (Republic of), Paraguay, South Africa, Viet Nam) with data for the period 2019 Q1 to 2022 Q2. Similar trends are found when using the median value instead of the mean.

Source: Authors' calculations based on country-level data in ILOSTAT, accessed 25 September 2022.

18 There are no low-income countries that have quarterly data for this period. It should also be noted that, given the longer-term trend in middle-income countries (declining employment-to-population ratio), it is not likely that the ratios will return to the pre-crisis levels in these labour markets.

Figure 6. Occupational shares and employment growth rates by occupation (median values), 2017–22

Notes: Figures are median values in a sample of 38 high- and middle-income countries (Austria, Belgium, Brazil, Bulgaria, Chile, Colombia, Costa Rica, Croatia, Czechia, Denmark, Ecuador, Estonia, Finland, France, Greece, Hungary, Iceland, Ireland, Italy, Japan, Korea (Republic of), Latvia, Lithuania, Luxembourg, Malta, Mexico, Moldova (Republic of), Netherlands, Norway, Paraguay, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, United States). High-skilled category includes managers, professionals and technicians and associate professionals. Medium-skilled category includes clerical support workers, services and sales workers, skilled agriculture, forestry and fishery workers, plant and machine operators and assemblers. Low-skilled category includes elementary occupations. For more information, see International Standard Classification of Occupations (ISCO) - ILOSTAT.

Source: Authors' calculations based on country-level data in ILOSTAT, accessed 25 September 2022.

In contrast to the other medium-skilled occupations, the decline in the employment of skilled agriculture, forestry and fishery workers is in line with the growth rate evident over 2017–19, which reflects the longer-term decline in this category associated with further mechanization of agriculture.

Bucking the declining trend for medium-skilled workers, the employment of clerical support workers now exceeds the level in 2019 Q2 by 3.4 per cent. While the numbers of low-skilled workers (elementary occupations) have recovered from their low point in 2020 Q2, there was still a significant deficit in 2022 Q2 relative to 2019 Q2 of 0.6 per cent. Overall, this suggests some form of polarization reflecting the fact that the booming sectors are predominantly characterized by high-skilled employment while less dynamic sectors employ medium- and low-skilled workers and so are experiencing persistent deficits.

4. Employment growth was mainly derived from growth in informal jobs

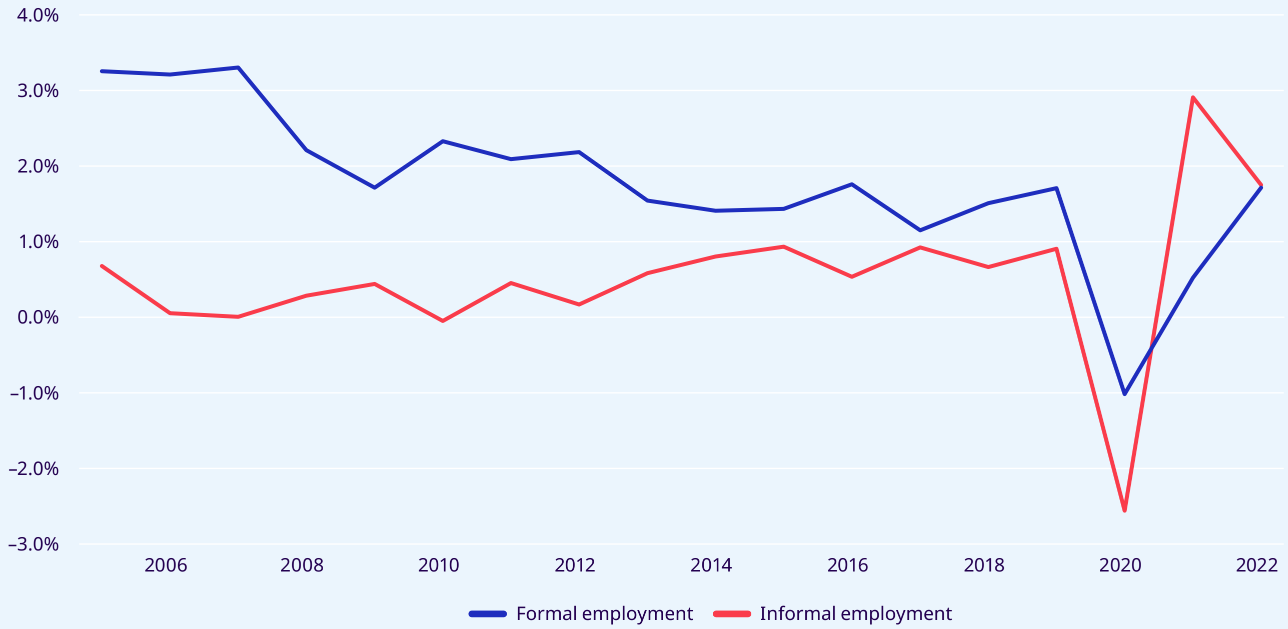
Informal employment has been growing at a rapid pace over 2021–22 after the heavy losses registered in 2020. New ILO estimates of globally representative trends in informal employment[19] show that between 2005 and 2019, formal employment grew faster than informal employment, leading to a gradual reduction in the informal employment rate by 5 percentage points. The disproportionate impact of the pandemic on informal jobs[20] resulted in a further reduction in the share of informal employment. In 2021, this trend reversed dramatically, and informal job growth fully recovered from the losses experienced in 2020, whereas formal employment did not. Moreover, in 2022, informal jobs are estimated to be growing at the same pace as formal employment,[21] jeopardizing the slow but consistent trend towards formalization observed over the past 15 years (figure 7). This global trend is driven by low- and lower-middle-income countries.

19 See Technical annex 3 for a brief description of the methodology underpinning the global estimates of informality.

20 The 9th Monitor noted the disproportionate informal employment losses during the 2020 lockdowns, which have been confirmed by the latest estimates.

21 The growth rates of employment without adjusting for population change are used, as both formal and informal employment would be adjusted by the same magnitude. Hence, the figure will show a stronger recovery from the pandemic than other analysis in section 1, as there has been considerable population growth since 2019.

Figure 7. Annual growth rate of formal and informal employment, 2005–22 (percentage)

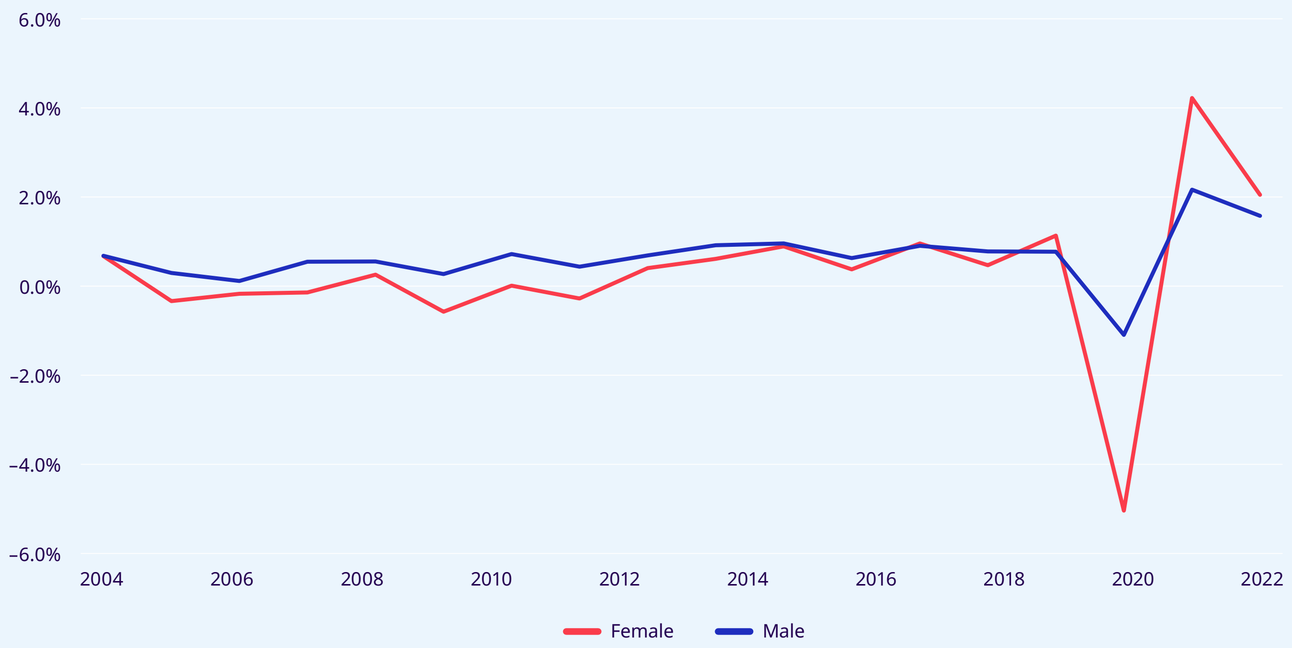


Source: ILO modelled estimates.

As highlighted in the 9th ILO Monitor, the COVID-19 crisis has had a disproportionate impact on women in informal employment, which is now corroborated by the new ILO global estimates.[22] In 2021, informal employment for both women and men grew strongly, but particularly so for women, partially reversing the job losses registered in 2020 (figure 8). These dynamics correlate strongly with the findings presented in box 1. The disproportionate loss of overall female employment during 2020 and the partial 2021 rebound experienced by women were driven by informal employment. This indicates that the gap in hours worked by gender is closely linked to the evolution of informal employment. In 2022, growth rates moderated but remain elevated by historical standards. For a decade and a half, the incidence of informal employment has decreased more for women than for men. The pandemic significantly disrupted this trend, but the latest estimates suggest a return to a similar pace of growth of informal employment for both women and men.

22 This finding was already discussed in the 9th Monitor. In contrast to the previous analysis, the estimates here are globally representative.

Figure 8. Annual growth rate of informal employment 2004–22, by gender (percentage)



Source: ILO modelled estimates.

5. Labour markets are facing multiple risks

The outlook for labour markets is currently uncertain, with growing downside risks on many fronts, as highlighted above. Inflation is expected to remain high, which continues to hurt workers' purchasing power and businesses, especially small enterprises. Forthcoming ILO estimates show that rising inflation is causing a decline in real wages in many countries. This cost-of-living crisis comes on top of significant losses in the total wage bill for workers and their families during the COVID-19 crisis, which in many countries had the greatest impact on low-income groups.[23]

While the pandemic had immediate and large impacts on labour markets, it normally takes time for an economic slowdown or recession to affect labour markets (see box 2 on the experience of the Great Recession). However, there are important indications that the overall labour market conditions have already been affected by economic headwinds and policy responses.

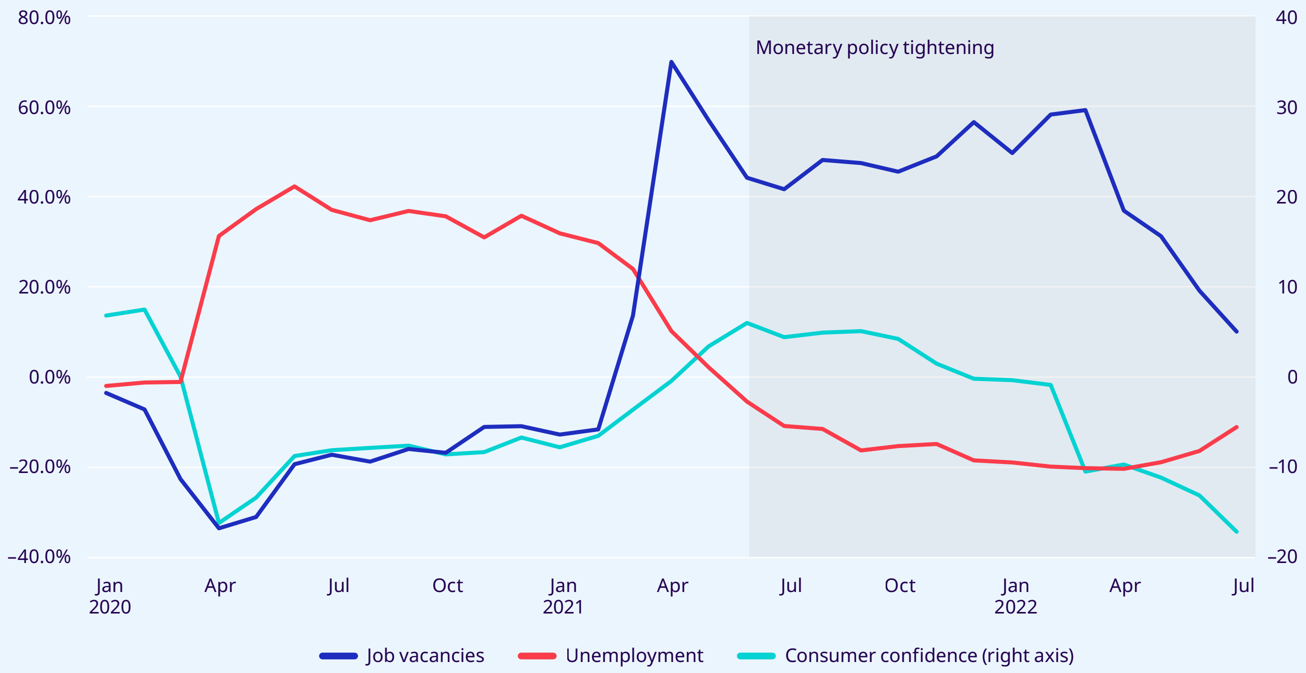
Along with tightening monetary policies and increasing inflation, consumer confidence[24] has been declining for some time; since the onset of the Ukraine war, confidence has collapsed in many countries, reaching lows not seen since the depth of the global financial crisis of 2008–09 (figure 9). In addition, it is well established that contractionary monetary policy leads to sizeable effects on economic and work activities. Furthermore, economic studies have shown that declines in consumer confidence have negative impacts on hours worked.[25] All these factors are expected to lead to a worsening of labour market conditions – albeit with some lag.

23 ILO, *Global Wage Report 2022–23: The Impact of Inflation and COVID-19 on Wages and Purchasing Power*, forthcoming.

24 The focus on consumer confidence is due to data availability. Nonetheless, this indicator is used as a proxy of general economic confidence, including business confidence, worsening expectations of the economic outlook and uncertainty about macroeconomic policy.

25 For the effects of monetary policy see: https://www.jstor.org/stable/pdf/2109845.pdf?refreqid=excelsior%3A6d2a41134f64653e2c6e9169ba7a4bfb&ab_segments=&origin=&acceptTC=1, https://pubs.aeaweb.org/doi/pdfplus/10.1257/jep.15.4.101, https://pubs.aeaweb.org/doi/pdfplus/10.1257/mac.4.2.1, https://www.ecb.europa.eu/pub/pdf/scpwps/ecbwp1089.pdf. For the effects of confidence shocks see: https://www.sciencedirect.com/science/article/abs/pii/S2110701716301421, https://www.nber.org/system/files/working_papers/w17651/w17651.pdf.

Figure 9. Job vacancies and unemployment, average year-to-year variation, and consumer confidence



Note: Average year-to-year growth based on a sample of 15 countries with available monthly data on vacancies and unemployment (Austria, Cyprus, Czechia, Estonia, Finland, Germany, Hungary, Iceland, Japan, Poland, Portugal, Spain, Sweden, Switzerland, United States). Consumer confidence is rescaled by the average value in each country to account for differences in the reference value of each country (18 countries in the sample). Monetary policy tightening period starts at June 2021, when interest rates begin to experience a sustained increase in a sample of 45 countries.

Sources: ILOSTAT database, Trading Economics and Bank of International Settlements Statistics.

There are already signs of a turning point, particularly in job vacancies. The unprecedented growth in job vacancies during the 2021 recovery led to a significant increase in labour market tightness in advanced economies. Labour supply factors, such as reduced participation due to health effects,[26] shifts in worker preferences, and migration trends, strongly contributed to increasing tightness, a trend which continued until spring 2022. Since then, however, the labour market has cooled considerably, with sharp declines in vacancy growth (figure 9). After these shifts in vacancy trends, the pace of unemployment reduction has slowed down markedly. If current trends persist, vacancies will decline while unemployment will increase in the fourth quarter of 2022.

Such trends are not surprising given the challenging macroeconomic environment, as uncertainty and worsening expectations affect hiring decisions. Econometric modelling suggests that declines in consumer confidence result in declines of vacancy growth over a period of just one month (see Technical annex 4). The effect is fast to materialize, with the maximum impact occurring within one month of the confidence shock. It is, however, modest compared to current shifts: a 10-point decline in consumer confidence would lead on average to a decline of 4 percentage points in vacancy growth rates.[27] Similarly, shocks reducing labour demand are also found to produce small significant declines in consumer confidence. These negative effects tend to be mutually reinforcing, which is especially disconcerting given the continuing global macroeconomic deterioration currently expected.

26 The impact of long-COVID-19 has been highlighted in the case of the United States; see, for example: New data shows long Covid is keeping as many as 4 million people out of work (brookings.edu).

27 Technical annex 4 presents suggestive evidence that during periods of large shifts in confidence, the effects are larger than during periods of stability.

Box 2. Lessons from the past: GDP and employment during the Great Recession, 2008–09.

Labour market conditions tend to react with a sizeable lag to changes in the economic environment. In contrast to the COVID-19 pandemic, where public health restrictions impacted work activity at an unprecedented speed, a lag of several quarters can be expected for the labour market reaction to changes in GDP (see, for instance, the Reserve Bank of Australia's analysis[28] on the subject). Hence, in a downturn, labour market deterioration will be preceded by poor economic activity data.

This was the case in the Great Recession, 2008–09, when employment reacted with a lag of approximately two quarters with respect to GDP. The average year-to-year growth rate of GDP in a sample of 38 countries (see figure 10) reached the point of maximum decline in the first quarter of 2009, whereas employment growth reached maximum decline in the third quarter of that year. Similarly, positive economic growth was registered by the first quarter of 2010, with employment recovery again presenting a delay of two quarters.

Figure 10. Year-to-year growth rate of employment and quarterly GDP, 2007 Q1–2011 Q4 (percentage)

Note: The graph presents the average growth rate of 38 countries with available data, mainly high-income and upper-middle-income countries.

Source: Authors' calculations based on country-level data in ILOSTAT and the Economist Intelligence Unit.

28 See: https://www.rba.gov.au/publications/smp/2014/may/pdf/box-b.pdf.

Part 2. The Russian Federation's aggression in Ukraine: Labour market impacts and responses

Latest developments in Ukraine and neighbouring countries

Since the initial phase of the conflict in Ukraine started on 24 February 2022, continuous active combat has partially shifted to southern and eastern parts of the country. While this led to some recovery of labour markets in other areas in the short run, the level of destruction of infrastructure, disruptions in trade and supply chains, absent private investment and flows of refugees and internally displaced persons will determine labour market outcomes in the medium and long run. The size of the impact will depend on the evolution of the conflict, the level of support given to Ukraine and policy responses in the country to ensure an inclusive reconstruction and recovery process based on social justice and decent work. Many countries have already indicated their willingness to help finance reconstruction after the end of the conflict. Additionally, the EU is paving the way to linking Ukraine closer with Europe, which will help shape labour market outcomes in the long run, although experience indicates that deeper policy convergence can take a long time.

The countries of Central Asia continue to be not only affected by broader global trends, but also by their close linkage with the Russian Federation's economy,[29] particularly in the form of labour migration – raising the risk of further labour market destabilization in the region. In Tajikistan, for instance, the World Bank estimates that GDP will decline by 1.8 per cent in 2022, primarily due to a projected fall in domestic consumption of 10 per cent triggered by a fall in remittances of 40 per cent.[30] A similar situation is projected for Kyrgyzstan, where the economy could contract by 5 per cent due to a projected decline of 33 per cent in remittances and a fall in investment.[31]

The conflict has had severe repercussions in Europe, leading to rising energy prices, particularly of natural gas, which has weakened consumer confidence, slowed down manufacturing output, particularly in SMEs and energy-intensive enterprises, and created persistent supply chain disruptions and rising input costs.[32] According to IMF forecasts, the Baltic and Nordic states seem to face similar economic prospects to the rest of Western Europe, despite the Baltic countries in particular being more heavily exposed to the Russian Federation via trade links.[33]

1. Employment impacts in Ukraine and neighbouring countries

On top of the humanitarian cost of the conflict, its impact on Ukraine's economy and its labour market has been very negative. The National Bank of Ukraine projects a loss of economic output of 33.4 per cent in 2022. Estimates indicate that there is already at least $114.5 billion in damage, with reconstruction costs estimated at $198 billion, the latter being almost equivalent to the total GDP of the Ukraine in 2021. About 72 per cent ($82.9 billion) of the damage is accounted for by residential buildings and public infrastructure. Enterprises have also endured losses of at least $9.7 billion in physical assets, while the agricultural sector sustained $4.3 billion in losses.[34] The oversupply of jobseekers in regions that have received many internally displaced persons (IDPs) exacerbates labour market matching problems[35] and is likely to put downward pressure on wages that are already under strain due to income and employment losses and inflation, which is expected to top 30 per cent by year-end.[36]

29 Assessments of the efficacy of sanctions on the Russian Federation vary widely and an independent assessment is impossible, as most official statistics are now not published. An eighth package of sanctions is under discussion in the EU in response to the partial mobilization announced in the Russian Federation on 21 September 2022.

30 World Bank, *Macro Poverty Outlook for Tajikistan: April 2022 (English)*, 2022.

31 World Bank Kyrgyzstan web site, accessed 20 September 2022.

32 The Producer Prices Index in the European Union (Domestic producer prices - total industry (excluding construction), 2015=100) increased to 165.90 points in August 2022 from 125.2 in October 2021. The increase from July 2022 to August was the highest in one year. Source: EUROSTAT.

33 IMF, *World Economic Outlook*, October 2022.

34 The estimates are regularly produced by the Kyiv School of Economics, in collaboration with various government agencies, and cannot be independently verified. More details can be found here: https://kse.ua/about-the-school/news/due-to-the-last-estimates-damage-caused-to-ukraine-s-infrastructure-during-the-war-is-114-5-bln/.

35 ILO assistance has been requested to improve job matching for IDPs and for the further digitalization of services. This illustrates that the support to Ukraine needs to include humanitarian, budgetary and development assistance in parallel, and should not use a staged approach with development assistance starting at a later stage.

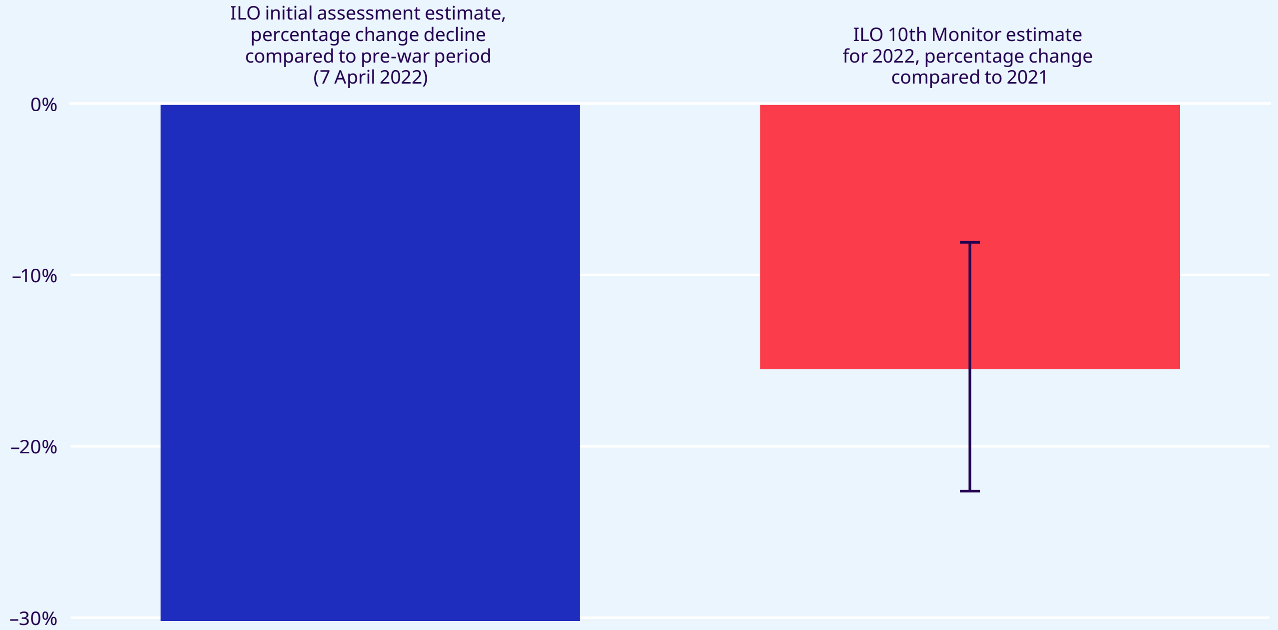
36 National Bank of Ukraine, Inflation Report – July 2022.

Even after eight months of conflict, it is not possible to precisely estimate employment losses in Ukraine from the conflict, due to limited data availability.[37] The ILO's new estimates[38] show that for 2022 as a whole, employment is expected to be 15.5 per cent (or 2.4 million jobs) lower than in the previous year (figure 11). This compares to the ILO's previous estimate published in May 2022 that 4.8 million jobs had been lost as of 7 April 2022. This upward revision reflects the overall improvement in security and stability in areas under full Ukrainian control and the strong financial support the country has received.

The reduction in the number of regions under occupation or facing active hostilities has facilitated an increase in economic activity. Several indicators, such as increased job vacancies and a reduction in the number of firms currently not operating, point to some improvements in the labour market.[39] However, the pace of the partial recovery in some parts of the country is modest and highly fragile. Together with the substantial population decline as a result of refugee outflows during the conflict, this implies that employment will remain well below pre-conflict levels as long as it continues.

The number of Ukrainian refugees has continued to grow, reaching 7.4 million as of 27 September 2022.[40] Though the pace of outflux has slowed in recent months compared to the initial stages of the conflict, the refugee population has grown by 44 per cent in the five months since the ILO's first assessment.[41] More than 17 per cent of Ukraine's total pre-conflict population and nearly a quarter of the population eligible to leave the country has done so since the start of the conflict.

Figure 11. Estimated employment losses in Ukraine



Note: The ILO 10th Monitor central estimate is presented with the error bars indicating the prediction interval. The estimation of the employment output elasticity is based on a linear regression model of employment and GDP growth using data for 74 countries. The sample is restricted to the year 2020; this allows the model to capture sudden stops in economic activity (as lockdowns caused labour market disruption at an unprecedented speed). Countries heavily dependent on the mining and utilities sector (defined as those with an average exceeding the 75th percentile of this sector since 2005) are omitted due to their markedly volatile output. The ILO initial assessment estimate (released in May 2022) is also represented in the chart. Comparing the two figures should be done with caution, as the estimates cover a different time period (annual average of the entire 2022 v. a snapshot on the 7th of April 2022) and derive from different methodologies.

Source: ILO estimates.

37 Labour force survey data covering the impact of the conflict is not yet available. Moreover, conducting a labour force survey in a situation of active conflict and without access to occupied territories greatly limits the reliability and comprehensiveness of the resulting data.

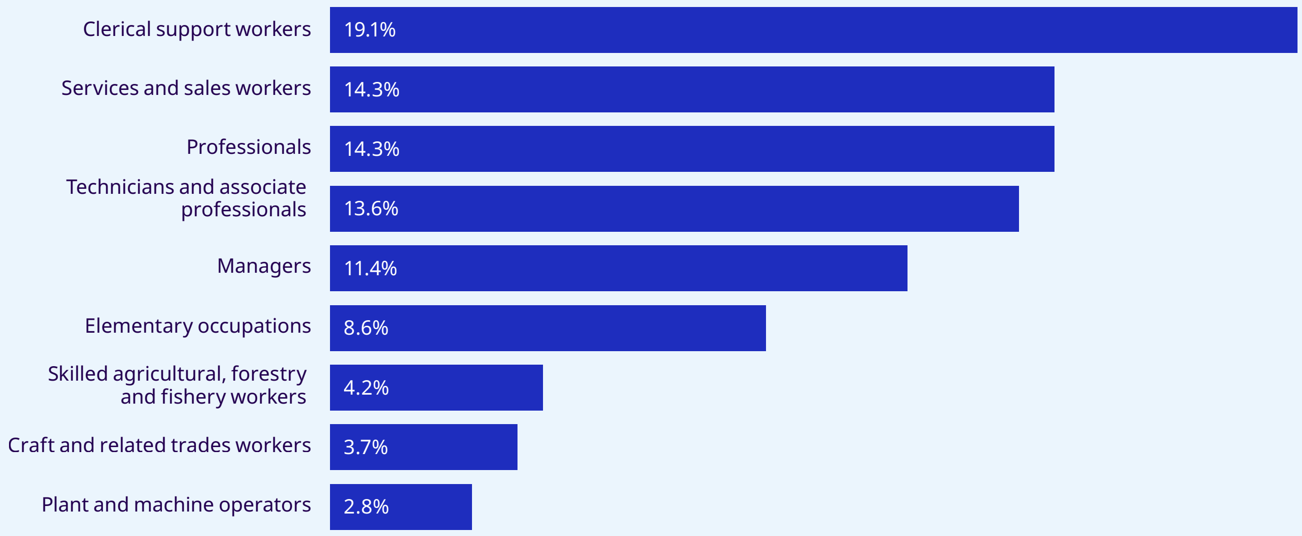
38 Estimates of GDP losses can be used to infer employment losses, based on the employment-output elasticity estimated from international data.

39 See NBU's Monthly Macroeconomic and Monetary Review, September 2022, which includes several such indicators from multiple sources.

40 Among the people from Ukraine having fled to other countries, there are over 338,000 non-Ukrainian nationals who might not meet the EU temporary protection status criteria, and may therefore be unprotected. These people are at particularly high risk of informal working, exploitation, forced labour and human trafficking, https://www.migrationdataportal.org/ukraine/crisis-movements.

41 ILO, The impact of the Ukraine crisis on the world of work: Initial assessments, 11 May 2022.

Figure 12. Previously employed refugees (percentage of total pre-conflict employment by occupation in Ukraine)



Source: ILO estimates based on Ukraine Labour Force Survey 2021 and UNHCR Ukraine Refugee Operational Data Portal.

In addition, as of August, an estimated 7 million people were internally displaced within Ukraine.[42]

The refugee outflow had an asymmetric impact on the Ukrainian labour market. The ILO estimates that approximately 1.6 million Ukrainian refugees, overwhelmingly women, were employed in Ukraine before fleeing the aggression, accounting for 10.4 per cent of the country's total pre-conflict workforce. The employment losses in Ukraine stemming from the refugee outflux are not spread evenly across occupational groups (figure 12). Prior to the war, the main occupations filled by current refugees included clerical support workers, services and sales workers, professionals, and technicians and associate professionals. In terms of economic activity, some 16 per cent of Ukrainian refugees worked in education and another 7 per cent in health and social services prior to leaving.[43] The refugee outflux is likely to have had a major impact on the workforce of these sectors and occupations in Ukraine.

Three host countries, Poland, Germany and Czechia – all of which faced labour shortages in some sectors before the pandemic – account for 61 per cent of the Ukrainian refugees registered for temporary protection or similar national protection schemes in Europe. Together with the other countries listed in figure 13, these countries account for 92 per cent of registered Ukrainian refugees. Focusing on the previously employed refugee population, the highest numbers of refugees relative to the domestic labour force are found in Czechia and Poland (1.8 per cent). In all other host countries, the population of previously employed Ukrainian refugees is less than 1 per cent of the domestic labour force.

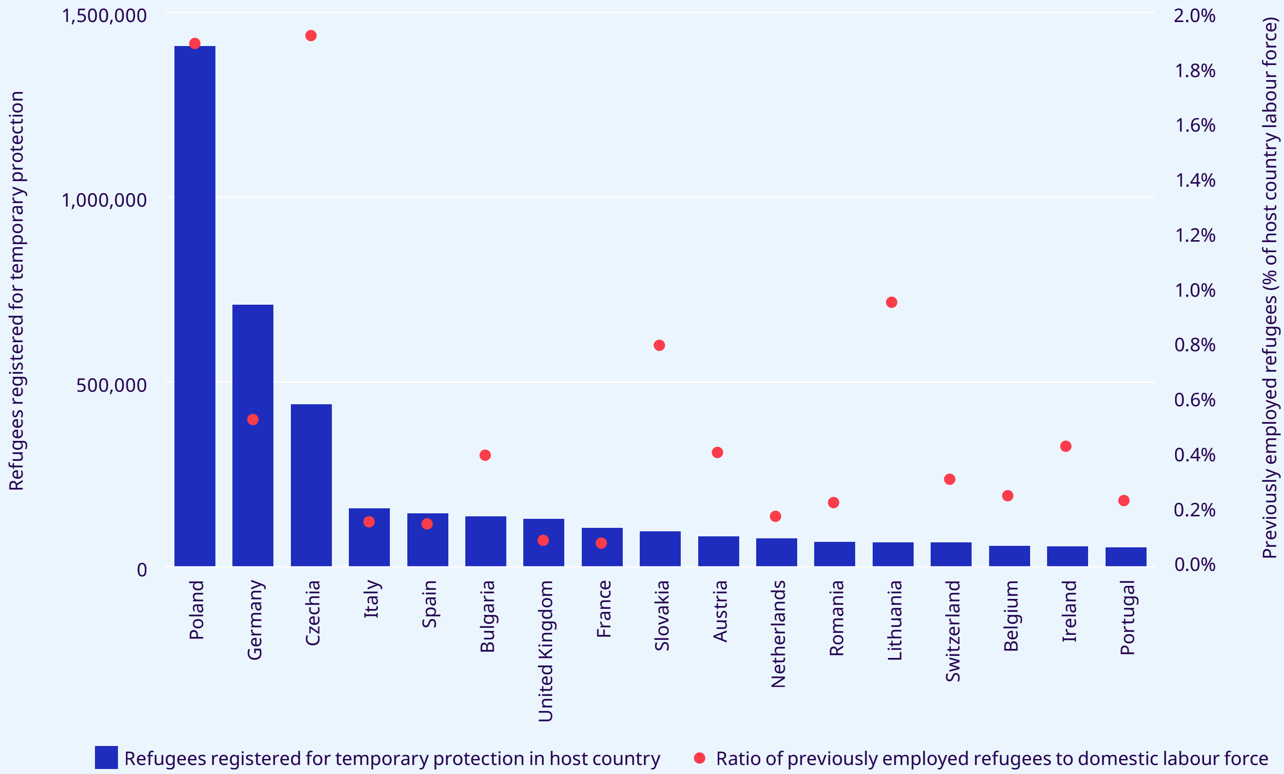
Are Ukrainian refugees finding employment in host countries? A recent survey of Ukrainian refugees by UNHCR and IPSOS,[44] conducted between August and September, found that 28 per cent of respondents had secured wage employment or were self-employed in their host countries. This is well below the rates of employment among the refugee population prior to the war, signalling challenges for the refugees in securing employment. Recognition of skills and qualifications, access to language courses and access to childcare were identified as key barriers to securing employment.

42 https://displacement.iom.int/reports/ukraine-internal-displacement-report-general-population-survey-round-8-17-23-august-2022.

43 See: UNHCR, "Lives on Hold: Intentions and Perspectives of Refugees from Ukraine" (Regional Intentions Report #2), September 2022.

44 See note 42.

▶ **Figure 13. Previously employed refugees** (percentage of domestic labour force, selected host countries)



Source: ILO estimates based on Ukraine Labour Force Survey 2021 and UNHCR Ukraine Refugee Operational Data Portal.

The impact of Ukrainian refugees on host labour markets is starting to be reflected in unemployment statistics, although there is no evidence that the large influx has undermined the stability of labour markets. In Germany, for example, a rise in the unemployment rate is fully explained by the inclusion of refugees in statistics starting from June 2022, but there are no signs of structural shifts in the underlying parameters of the labour market that negatively affect the non-refugee population.[45] In Poland, despite the vast number of refugees in the country, the unemployment rate recently decreased. The European Commission reiterated the importance of swift and effective labour market integration to EU Member States in June, outlining as the two crucial elements measures to improve access to jobs and training, and the need for recognition of existing skills and investment in new ones (particularly VET and work-based learning).[46] Generally, Ukrainian refugees have some characteristics that facilitate their integration prospects (e.g. high educational attainment, existing social networks, and the right to employment under temporary protection), but also some that hinder them (an increased care burden for women having had to leave partners behind).

2. Policy measures to stabilize the labour market

Assisting the labour market in Ukraine even at this stage is important to ensure that economic activity in the country continues, and to provide an income for as many people as possible. Measures taken to date include economic and social protection support to incomes and jobs and for the integration of refugees.

45 Bundesagentur für Arbeit, Arbeitslosenquote & Arbeitslosenzahlen 2022, August 2022.

46 European Commission, Communication from the Commission on Guidance for access to the labour market, vocational education and training and adult learning of people fleeing Russia's war of aggression against Ukraine, C(2022) 4050 final, June 2022.

1. **Economic and social protection support:** To bolster economic activity, the Central Bank of Ukraine has sought to mobilize fiscal resources and tackle the increasing current account deficit. The public sector remains heavily reliant on donor support. For example, the social protection system is operational and delivers benefits, including to internally displaced persons, yet the difficult circumstances also require complementary humanitarian support.[47] The international community has mobilized significant financial resources to support Ukraine in the form of financial and humanitarian aid. The level of combined non-military funding disbursed and pledged by countries and international financial institutions is estimated at around $49 billion – roughly one quarter of Ukraine's GDP in 2021.[48] However, disbursement, particularly of EU funds, has been relatively slow.

   Demand and livelihoods are also supported by remittances. While the most recent data indicates a decline in remittances of 5.7 per cent for the period from January to July 2022 compared to the same period in the previous year,[49] this is a far smaller decline than for overall GDP, implying that the relative importance of these transfers has grown.

2. **Labour market and job retention support:** The government has allocated resources to relocate enterprises away from areas where their operations were constrained, which not only ensured their continuous functioning but also saved jobs. According to the Ministry of Economy, since the beginning of the programme, 1,846 applications for reallocation of companies have been registered, 745 enterprises have already moved to safer regions, and 558 have resumed work in new locations. For 286 enterprises, the search for a suitable location or method of transportation is currently underway.[50]

   Support is provided by social partners in Ukraine. Employers' organizations support their members through advocacy, training and financial assistance, among others. Workers' organizations continue to provide shelter to IDPs and have provided financial support to union members.[51]

   Investments in digitalization have helped citizens to overcome some practical difficulties. For instance, everyone can apply for unemployment benefit online through the Diia application, whereby the system automatically checks the eligibility of the applicant and informs them of the decision.[52] Nevertheless, the employment services receive (and will need more) financial and technical assistance to support the workforce, the characteristics of which have changed because of the war. People requesting services are now predominantly women, older workers, war veterans and forcibly displaced persons who face compounded difficulties.

   While the recent labour code reform under martial law was done with the intention of helping SMEs by easing regulatory burdens, it stands to have weakened workers' positions in these enterprises through exempting employees from many protections, including employment conditions negotiated through collective agreements. Respect for fundamental workers' rights and the promotion of social dialogue is essential. Furthermore, social partners are in a much better position to identify needs and to judge the impact on the real economy.

3. **Supporting refugees' labour market integration:** The EU continues to apply the right of temporary protection to all Ukrainian refugees, allowing them to access host labour markets and social protection benefits. These rights include residency, access to the labour market and housing, medical assistance and access to education for children.[53] Most of the direct support to refugees is now provided through one-stop service points, integrating different government services and information about rights and benefits. In early October, the EU established the EU Talent Pool Pilot Initiative, which is a special module within the European vacancy exchange system EURES that allows refugees under temporary protection to search over three million vacancies.[54]

47 ILO, The Impact of the Ukraine Crisis on the World of Work: Initial Assessments, 2022; Sojka, Bozena, Paul Harvey, and Rachel Slater. "Ukraine – Can Social Protection Be Sustained and Support a Humanitarian Response?", March 2022.

48 Data derived from Ariana Antezza, André Frank, Pascal Frank, Lukas Franz, Ivan Kharitonov, Bharath Kumar, Ekaterina Rebinskaya and Christoph Trebesch. "The Ukraine Support Tracker: Which countries help Ukraine and how?", Kiel Working Paper, No. 2218, 2022.

49 National Bank of Ukraine, Global Service Providers Pledge to Help Cut Fees for Remittances to Ukraine, 28 September 2022.

50 https://www.me.gov.ua/News/Detail?lang=en-GB&id=74836f28-3201-4300-aa18-858290211357&title=558-RelocatedEnterprisesHaveAlreadyResumedWorkInSafeRegionsOfTheCountry :from 26 September 2022.

51 For more details on the contributions of social partners in Ukraine, see the website of the ILO Budapest Office.

52 https://visitukraine.today/blog/297/diia-launches-an-option-to-receive-unemployment-benefits.

53 ILO, The Impact of the Ukraine Crisis on the World of Work: Initial Assessments, 2022, p. 5.

54 Multiple countries have acknowledged the challenge of skills recognition, with certification equivalencies either lacking or the application process for recognition taking too much time. Moreover, many refugees do not apply for skills recognition, either because they do not know their rights, or because they would rather seek immediate labour market entry at lower skill levels.

The EU has also set up a solidarity platform which coordinates integration measures, a registration platform that allows countries to exchange information on those benefitting from temporary protection, and a common anti-trafficking plan. The scale and scope of the displacements creates risks of human trafficking and labour exploitation in Ukraine and abroad.

3. Prospects for the social and economic recovery of Ukraine

Even in the current situation of active combat, it is important to start paving the way to a better future for Ukraine, which will need significant financial resources, but also political support, including the support of social partners through social dialogue. The Ukraine Recovery Conference in Lugano, hosted by Switzerland in July 2022, was an important first step in this direction. The conference provided a platform for political and financial support to Ukraine and to launch the process of recovery and reconstruction.[55] The Ukrainian Government presented a National Recovery Plan focusing on resilience, recovery, modernization and growth.[56] The plan emphasizes Ukraine's ambitions for EU integration and access to EU and G7 markets, proposes the creation of a business-enabling environment, calls for investments in human capital, and presents plans to ensure macroeconomic stability and national security. For future discussions, the involvement of social partners will be key to emphasize decent work issues and the need for an inclusive, human-centred, forward-looking recovery plan which would require significant investments in upskilling and reskilling the labour force to meet Ukraine's green economy prospects, and in supporting the integration of its enterprises and workers into the EU's green economy value chains.

There is a strong demand for support to relocated enterprises in restructuring their supply chains. Those enterprises that were supported by the Government to relocate away from certain regions lack networks with suppliers, distributors and markets in their new locations. They also need assistance in finding local skills. The latter includes retraining programmes for workers. For those who were forcibly displaced and lost their documents in the process (particularly older workers who could not get their documents digitalized in the DIA system), there is a need for a system to quickly certify prior learning and other educational and training achievements. Given the increasing feminization of the workforce (as men are subject to conscription), issues related to family and care responsibilities and skilling need to be addressed in order for women to take up employment offers. This is even more important as many women had to move away from family and social networks on which they were able to rely in the past, while the provision of public and private childcare services is very much constrained.

Given the scale of reconstruction needed to rebuild the country, this has the potential to create millions of jobs. Well-designed investment programmes need to focus on decent job creation while making sure that those most in need will be able to access such jobs. Reconstruction also brings with it the chance to modernize the country and ensure sustainability.

Connecting Ukraine's economy more closely with Europe has the potential to create trade-related jobs in the future. First steps in this regard are underway.[57] While the economic impact of this process is of course yet to materialize, it is one important step towards building a brighter future for labour markets in the Ukraine.

Another important step was taken on 22 July, when a UN-backed agreement was reached to facilitate the export of Ukrainian grain.[58] The Black Sea Grain Initiative (BSGI) aims to facilitate safe navigation for the export of grain, related foodstuffs and fertilizers from the ports of Southern Ukraine and is supervised by the Joint Coordination Center (JCC), which includes representatives of Ukraine, the Russian Federation, Türkiye and the United Nations. First assessments by UNCTAD show that the initiative has already helped reduce the prices of grains, cereals and oils.[59]

55 Lugano Declaration and Principles.

56 Ukraine's National Recovery Plan.

57 On 23 June 2022, the European Council endorsed the European Commission's opinion and granted EU candidate status to Ukraine and Moldova, starting the process of formal membership negotiations, which are expected to start in 2023. This was followed in September by an announcement by European Commission President Ursula von der Leyen to facilitate Ukraine's access to the EU's single market.

58 https://www.un.org/sites/un2.un.org/files/black_sea_grain_initiative_full_text.pdf.

59 https://unctad.org/news/black-sea-grain-initiative-helps-stabilize-global-food-markets.

Part 3. Looking ahead: Coping with multiple crises

Careful policy choices are needed to navigate the multiple crises that are having far-reaching impacts on the world of work. While the recovery in the aftermath of the pandemic has been uneven and incomplete in many countries, labour markets are now facing new challenges stemming from multiple and overlapping crises. The multiplication of crises raises the risk of another significant global labour market downturn. Facing more restrictive fiscal space after a period of higher spending and reduced revenue during the COVID-19 pandemic, along with high levels of debt distress in developing countries, policy choices need to be made even more carefully with the goal of preventing such a downturn and avoiding a further deepening of inequality.

Excessive policy tightening is causing undue damage to jobs and income in both advanced and developing countries. The current cycle of policy tightening is already impacting labour markets, with two particularly significant characteristics. First, in many advanced countries, labour markets are showing early signs of cooling down, with declining job openings. At the same time, there is no evidence of wage–price spiral effects; on the contrary, with labour markets cooling and inflation rates high, real wage growth will face significant pressure. Second, monetary tightening in advanced economies is having damaging spillover effects in developing countries. Labour markets there have yet to recover from the pandemic in terms of both quality jobs and incomes. Given that the slower recovery in these countries was mainly driven by informal jobs, labour income in many developing economies remains below the pre-pandemic level and is now being further threatened by soaring inflation.

Comprehensive, integrated and balanced approaches are needed to tackle inflation while protecting jobs and incomes. Given the broader effects on labour markets, it is critical to not only look at inflation in isolation but also its broader implications for enterprises, job creation, quality of employment and poverty. Overall, coherent, comprehensive and integrated policy approaches are needed which consist of a mix of monetary, fiscal, sectoral and labour market policies that address the concrete situation of a country and stimulate broader processes of structural transformation, just transitions and the creation of productive and sustainable employment, while protecting vulnerable households and groups.

The set of policy tools to combat the impact of multiple crises on the labour market needs to be widened through social dialogue. Policy options that could be used in the current context include:

- **Implementing interventions to set prices for public goods**, based on social dialogue.
- **Rechannelling windfall profits** (particularly in the energy sector) to employment and income support.
- **Strengthening income security through social protection**, including reviewing benefits, such as pensions, to keep pace with the cost of living.[60]
- **Increasing income support to maintain the purchasing power of labour income**, which will prevent more people from falling into poverty and food insecurity, such as through wage adjustments (including increasing minimum wages and making use of collective bargaining).
- **Targeting support to the most vulnerable people and enterprises to combat the effects on specific groups and sectors**, which include measures to promote job creation and social protection for those most affected, along with skills development interventions, active labour market policies (ALMPs) to facilitate their transitions and support to enterprises.

A continued focus on decent jobs and social protection is needed to support labour markets affected by the Ukraine conflict. In response to the conflict in Ukraine and its devastating impacts, support needs to continue to ensure that the Ukrainian labour market and other labour markets affected are able to function as well as possible, and that people receive protection. Ongoing discussion about reconstruction in Ukraine needs to take full consideration of the potential to create millions of jobs with social protection, if the necessary resources are provided, and to facilitate a structural transformation process that will help Ukraine not only recover but also build resilience. Creating decent jobs should be a central aim of any reconstruction effort, elaborated through social dialogue and with the protection of workers' rights at its heart.

Supportive measures for Ukraine refugees need to be strengthened. As millions of refugees continue to stay in neighbouring countries, they need stronger and more practical support for labour market integration. Measures to protect employment and wages and

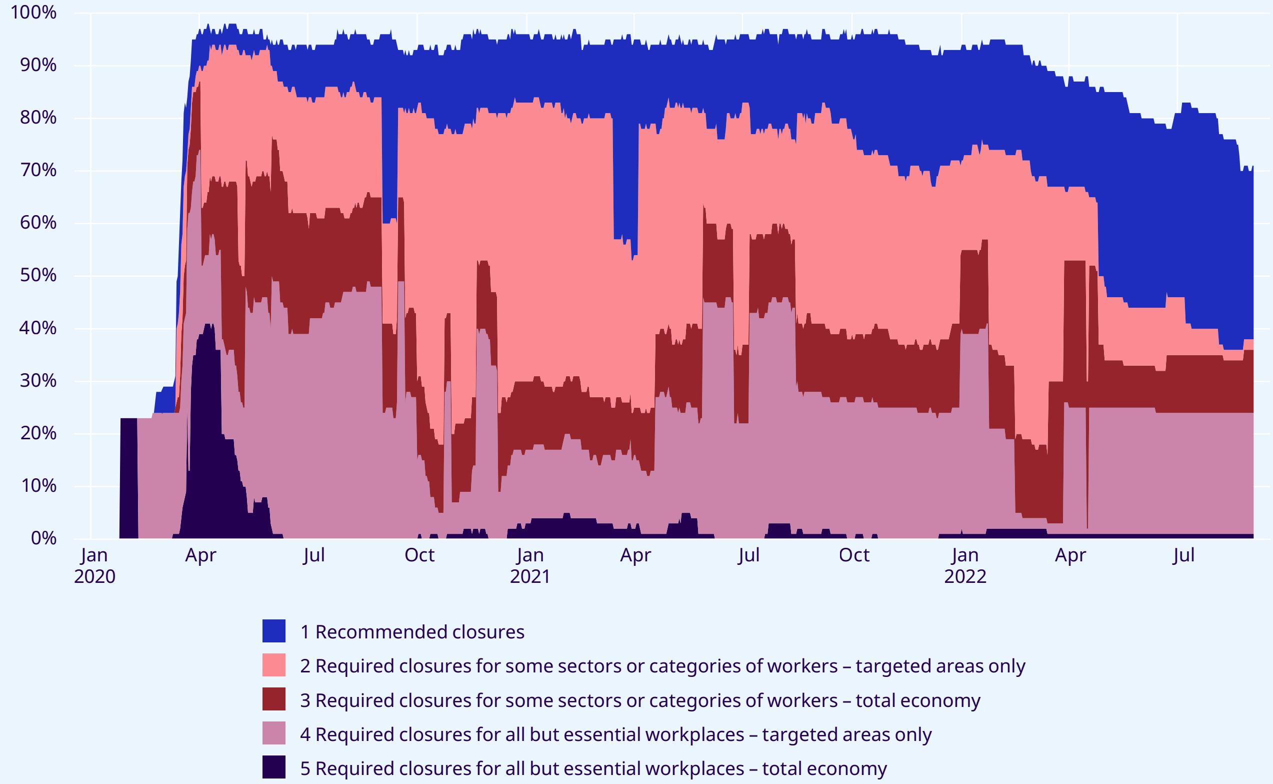
60 However, only 46 per cent of pension schemes include regular indexation mechanisms; see ILO, World Social Protection Report 2020–22: Social Protection at the Crossroads – In Pursuit of a Better Future, 2021, pp. 181–182.

strengthen social protection systems are essential in this regard. To enhance their integration, refugees in receiving countries will need greater support through recognition of their skills and qualifications, and better access to language courses and childcare services. It is important to closely monitor what is happening to refugees, especially regarding the nature and quality of the jobs being taken up by them in their host countries, as well as barriers to their employment. The well-established European Labour Force Survey could be leveraged to help fill this information gap.

When responding to the multiple economic and geopolitical crises, international solidarity is even more critical. Strong commitment to initiatives such as the UN Global Accelerator on Jobs and Social Protection for Just Transitions, as well as the strong involvement of social partners in all areas of policymaking at national and international levels, are key measures that will strengthen policy coherence and partnerships to tackle current challenges and respond to long-term trends in the future of work.

Statistical annex

Figure A1. Share of world's employed in countries with workplace closures



Note: The shares of workers in countries with required workplace closures for some sectors or categories of workers and countries with recommended workplace closures are stacked on top of the share of workers in countries with required workplace closures for all but essential workplaces.

Source: ILOSTAT database, ILO modelled estimates and the Oxford COVID-19 Government Response Tracker.

Table A1. Quarterly estimates of hours worked, world and by region
(percentage change and full-time equivalent jobs rounded to the nearest 100,000)

Reference area	Time	Change in hours worked relative to 2019 Q4 (adjusted by 15–64 population)	Equivalent number of full-time jobs (48 hours/week)
World	2020 Q1	–4.5%	–130 800 000
	2020 Q2	–18.4%	–531 600 000
	2020 Q3	–7.2%	–208 700 000
	2020 Q4	–4.7%	–137 600 000
	2021 Q1	–3.9%	–114 700 000
	2021 Q2	–3.9%	–114 300 000
	2021 Q3	–4.1%	–119 700 000
	2021 Q4	–2.6%	–76 600 000
	2022 Q1	–1.0%	–30 200 000
	2022 Q2	–1.8%	–51 600 000
	2022 Q3	–1.4%	–40 300 000
Africa	2020 Q1	–1.5%	–5 600 000
	2020 Q2	–15.7%	–58 400 000
	2020 Q3	–7.1%	–26 800 000
	2020 Q4	–4.2%	–15 800 000
	2021 Q1	–4.6%	–17 500 000
	2021 Q2	–4.9%	–18 900 000
	2021 Q3	–6.2%	–23 900 000
	2021 Q4	–4.8%	–18 800 000
	2022 Q1	–2.6%	–10 000 000
	2022 Q2	–2.3%	–9 100 000
	2022 Q3	–2.1%	–8 300 000
Americas	2020 Q1	–2.9%	–10 600 000
	2020 Q2	–28.5%	–105 900 000
	2020 Q3	–15.6%	–58 100 000
	2020 Q4	–8.7%	–32 600 000
	2021 Q1	–6.3%	–23 400 000
	2021 Q2	–5.5%	–20 400 000
	2021 Q3	–4.0%	–14 800 000
	2021 Q4	–2.3%	–8 800 000
	2022 Q1	–0.1%	–500 000
	2022 Q2	0.2%	900 000
	2022 Q3	0.6%	2 100 000

▶ **Table A1. (cont'd)**

Reference area	Time	Change in hours worked relative to 2019 Q4 (adjusted by 15–64 population)	Equivalent number of full-time jobs (48 hours/week)
Arab States	2020 Q1	–3.2%	–1 600 000
	2020 Q2	–20.1%	–10 200 000
	2020 Q3	–9.0%	–4 600 000
	2020 Q4	–4.8%	–2 500 000
	2021 Q1	–5.9%	–3 000 000
	2021 Q2	–7.4%	–3 800 000
	2021 Q3	–6.5%	–3 300 000
	2021 Q4	–4.6%	–2 400 000
	2022 Q1	–3.3%	–1 700 000
	2022 Q2	–2.1%	–1 100 000
	2022 Q3	–1.8%	–900 000
Asia and the Pacific	2020 Q1	–5.8%	–102 300 000
	2020 Q2	–16.9%	–300 000 000
	2020 Q3	–5.6%	–100 000 000
	2020 Q4	–3.9%	–69 200 000
	2021 Q1	–3.0%	–53 700 000
	2021 Q2	–3.6%	–63 700 000
	2021 Q3	–3.9%	–70 000 000
	2021 Q4	–2.3%	–40 900 000
	2022 Q1	–0.8%	–14 600 000
	2022 Q2	–2.1%	–36 700 000
	2022 Q3	–1.5%	–26 800 000

Table A1. (cont'd)

Reference area	Time	Change in hours worked relative to 2019 Q4 (adjusted by 15–64 population)	Equivalent number of full-time jobs (48 hours/week)
Europe and Central Asia	2020 Q1	–3.2%	–10 600 000
	2020 Q2	–17.4%	–57 100 000
	2020 Q3	–5.9%	–19 300 000
	2020 Q4	–5.4%	–17 500 000
	2021 Q1	–5.2%	–17 100 000
	2021 Q2	–2.3%	–7 400 000
	2021 Q3	–2.4%	–7 700 000
	2021 Q4	–1.7%	–5 700 000
	2022 Q1	–1.0%	–3 400 000
	2022 Q2	–1.7%	–5 600 000
	2022 Q3	–2.0%	–6 500 000

Table A2. Quarterly estimates of hours worked, world and by income group
(percentage change and full-time equivalent jobs rounded to the nearest 100,000)

Reference area	Time	Change in hours worked relative to 2019 Q4 (adjusted by 15–64 population)	Equivalent number of full-time jobs (48 hours/week)
World	2020 Q1	–4.5%	–130 800 000
	2020 Q2	–18.4%	–531 600 000
	2020 Q3	–7.2%	–208 700 000
	2020 Q4	–4.7%	–137 600 000
	2021 Q1	–3.9%	–114 700 000
	2021 Q2	–3.9%	–114 300 000
	2021 Q3	–4.1%	–119 700 000
	2021 Q4	–2.6%	–76 600 000
	2022 Q1	–1.0%	–30 200 000
	2022 Q2	–1.8%	–51 600 000
	2022 Q3	–1.4%	–40 300 000
Low income	2020 Q1	–1.7%	–3 100 000
	2020 Q2	–12.4%	–22 100 000
	2020 Q3	–6.3%	–11 300 000
	2020 Q4	–3.4%	–6 200 000
	2021 Q1	–3.6%	–6 600 000
	2021 Q2	–4.7%	–8 700 000
	2021 Q3	–5.7%	–10 500 000
	2021 Q4	–4.4%	–8 300 000
	2022 Q1	–2.2%	–4 200 000
	2022 Q2	–2.3%	–4 400 000
	2022 Q3	–2.1%	–4 000 000
Lower-middle income	2020 Q1	–1.4%	–15 600 000
	2020 Q2	–27.5%	–307 600 000
	2020 Q3	–9.3%	–104 900 000
	2020 Q4	–6.5%	–73 200 000
	2021 Q1	–5.6%	–63 900 000
	2021 Q2	–6.7%	–76 700 000
	2021 Q3	–7.5%	–85 900 000
	2021 Q4	–5.5%	–62 800 000
	2022 Q1	–3.1%	–35 400 000
	2022 Q2	–2.6%	–30 000 000
	2022 Q3	–2.6%	–30 100 000

Table A2. (cont'd)

Reference area	Time	Change in hours worked relative to 2019 Q4 (adjusted by 15–64 population)	Equivalent number of full-time jobs (48 hours/week)
Upper-middle income	2020 Q1	–8.8%	–100 300 000
	2020 Q2	–11.5%	–130 600 000
	2020 Q3	–5.2%	–59 300 000
	2020 Q4	–3.0%	–34 200 000
	2021 Q1	–1.8%	–20 700 000
	2021 Q2	–1.0%	–11 200 000
	2021 Q3	–0.8%	–9 200 000
	2021 Q4	0.4%	4 000 000
	2022 Q1	1.2%	13 100 000
	2022 Q2	–1.3%	–14 400 000
	2022 Q3	–0.4%	–4 600 000
High income	2020 Q1	–2.6%	–11 900 000
	2020 Q2	–15.5%	–71 300 000
	2020 Q3	–7.2%	–33 100 000
	2020 Q4	–5.2%	–24 000 000
	2021 Q1	–5.1%	–23 400 000
	2021 Q2	–3.9%	–17 700 000
	2021 Q3	–3.1%	–14 000 000
	2021 Q4	–2.1%	–9 500 000
	2022 Q1	–0.8%	–3 800 000
	2022 Q2	–0.6%	–2 800 000
	2022 Q3	–0.3%	–1 600 000
Europe and Central Asia	2020 Q1	–3.2%	–10 600 000
	2020 Q2	–17.4%	–57 100 000
	2020 Q3	–5.9%	–19 300 000
	2020 Q4	–5.4%	–17 500 000
	2021 Q1	–5.2%	–17 100 000
	2021 Q2	–2.3%	–7 400 000
	2021 Q3	–2.4%	–7 700 000
	2021 Q4	–1.7%	–5 700 000
	2022 Q1	–1.0%	–3 400 000
	2022 Q2	–1.7%	–5 600 000
	2022 Q3	–2.0%	–6 500 000

Table A3. Quarterly estimates of the gender gap in hours worked
(percentage points)

Reference area	Time	Change in the gender gap in working hours relative to 2019 Q4
World	2020 Q1	–0.5
	2020 Q2	4.0
	2020 Q3	3.3
	2020 Q4	1.8
	2021 Q1	1.6
	2021 Q2	0.8
	2021 Q3	0.7
	2021 Q4	–0.2
	2022 Q1	–1.5
	2022 Q2	–1.3
	2022 Q3	–1.1

Technical annex

The technical annex is available under: https://www.ilo.org/global/publications/WCMS_858070/lang--en/index.htm